BRITISH COLUMBIA

BC STATS Infoline

Issue: 00-41 6 Pages
October 13, 2000

tel (250) 387-0327
fax (250) 387-0329

All issues since 97-01 are on our website:
http://www.bcstats.gov.bc.ca

highlights

a weekly digest of recently released British Columbia statistics

The Economy

- **New motor vehicle sales in the province improved again in August, increasing 2.5% (seasonally adjusted) after posting an 8.6% gain in the previous month**. Nationally, vehicle sales rose 5.1% between July and August, as car dealers in Ontario and points east regained some of the ground lost when sales plummeted in July. Three of the four Atlantic provinces saw sales jump between nine and ten percent in August. Quebec (+6.7%) and Ontario (+5.4%) also made solid gains. Dealers in western Canada, who had not been affected by the slump in July, posted more modest increases. Some of the improvement was undoubtedly due to manufacturer's incentives aimed at clearing out inventories in preparation for the introduction of 2001 models this fall.

  Source: Statistics Canada

- **Restaurant, caterer and tavern receipts in the province remained well above 1999 levels in August.** Overall, sales were up 9.7% over the same month last year, as both restaurants (+10.1%) and drinking places (+4.6%) increased their earnings. In the restaurant industry, full service restaurants, which account for nearly 60% of total receipts, continued to rebound from a lacklustre performance in 1999. Sales were up 16.9% in August, marking the seventh straight month in which they have risen at double-digit rates. At drinking places, sales rose (+4.6%) for the fourth month in a row. However, limited service restaurants (such as fast food outlets) took in 2.5% less this August than they had a year earlier. Sales at these restaurants have remained virtually unchanged (+0.6%) from 1999 levels during the first eight months of the year.

  Source: Statistics Canada

- **Last year, job stability (as measured by the rate of hiring and separations) was greater in BC and Ontario than in other parts of the country.** During the year, there were 637,500 people who were hired in BC, accounting for 26% of all jobs held or businesses owned in the province. At the same time, 608,900 people–24% of the total–left their job or business. Ontario's hiring rate was 25%, while its separation rate was 23% last year.

  Atlantic Canadians were those most likely to flow into or out of jobs during 1999. Hiring and separation rates in Newfoundland and PEI were in the 41-46% range. They were slightly lower in Nova Scotia (35% and 32%, respectively) and in New Brunswick (36% and 37%). Alberta (31% and 30%) was the only other province where about a third of the work force either found a new job (or started a business), or left one during 1999. Nationally, the hiring rate last year was 28%, while the separation rate was 26%. Retail and wholesale trade and manufacturing were the industries where the largest number of hirings occurred.

  Source: SC, The Daily

Housing

- **Housing starts in the province bounced back from a record low level in August, rising 38.8% (seasonally adjusted) in September.** The increase in starts was the first since last April, and was due to more building activity in urban areas of the province, where starts rose 50.6% between August and September. Nearly two-thirds of the new urban starts were in the Vancouver area.

  Total starts in Alberta were up (+18.6%) for the first time since the spring. In Ontario, they bounced back (+7.9%) after plunging in the previous month. The improvement in BC, Alberta and Ontario boosted Canadian housing starts, which

Report **Business migration from British Columbia**

Did you know...

Canadians disposed of 20.8 million tonnes of waste during 1998, the equivalent of 690 kilograms per person. BC's per capita waste generation was the lowest in the country, at 610 kilograms.

rose 7.1% in September despite downturns in five other provinces. *Source: CMHC*

- **CMHC is forecasting that housing starts in BC will total 14,100 this year, down 13.5% from the 1999 level.** A surge in demand for high-end homes (those costing $500,000 or more) is not expected to be strong enough to offset the effect that higher interest rates and construction and land costs have had on the market for entry-level home buyers. *Source: CMHC*
- **The cost of new housing in BC's two biggest urban centres continued to fall in August.** The new housing price index (NHPI) in Victoria was down 4.4% from a year earlier, while Vancouver's NHPI slipped 1.0%. Elsewhere in Canada, only two urban areas–Saint John-Moncton-Fredericton (-0.4%) and Sudbury/Thunder Bay (-1.3%)–saw the cost of new housing decline. Prices are rising in other cities, at rates ranging from +0.9% in Windsor to +7.2% in Ottawa/Hull. Overall, new housing prices were up 2.4% from August 1999. *Source: Statistics Canada*
- **Since 1992, the cost of new housing in Victoria has fallen 28%, while average prices for new housing in the Vancouver area have dropped 17%.** Prices for new housing in the province have been declining steadily since the mid-1990s. In Vancouver, the rate of decline is slowing but this has not yet occurred in Victoria. Land prices are beginning to stabilize, but the cost of homes built in the city has continued to drop. New housing prices are affected by a combination of factors, including the state of the housing market, the availability of land on which to build, and the type and size of housing that is being constructed. The long-run decline in the NHPI is a reflection of falling prices for both the land and housing components of the index.

  Source: Statistics Canada

Employer Pensions

- **More than 5 million Canadians belonged to an employer or union-sponsored pension plan in 1998.** The total assets of these plans exceeded $644 billion. In comparison, the accumulated assets of the Canada/Quebec Pension Plans (CPP) were just $49 billion in 1998, while the total assets of individual registered retirement savings plans were $241 billion. During the ten-year period ending in 1998, the assets of the CPP have remained fairly stable, at about $50 billion. Over the same period, the value of RRSPs has tripled, while assets in private pension funds have increased 138%. During the 1970s, revenues from contributions were the driving forces behind growth in pension assets, followed by investment income during the high-interest period of the 1980s and early 1990s. More recently, stock market profits have contributed the most to growth in pension fund assets. Public sector pension plans (CPP), where participation is mandatory, have the largest number of contributors–about 14 million Canadians. In 1998, there were 6.1 million people who had RRSPs and just over 5 million with employer pension plans.

  Source: SC, Catalogue75-001-XIE

Liquor Sales

- **British Columbians stocked up on a lot of bubbly in preparation for millennium festivities last year.** Champagne sales rose an unprecedented 57% in the 1999/00 fiscal year. Spending on imported wines (+10%) and beer (+6%) also rose. Demand for Irish, Dutch, German and Mexican-made beers rose, as did imports of wines from Australia, Italy, the US, Argentina and Chile. Sales of ciders and coolers were up 5%. Spirit sales rose 2%, but sales of domestic wines were up only 1% from the previous year. Total alcohol sales rose 1.4%, to $1.66 billion. *Source: LDB Annual Report*
- **Federal government coffers benefited from the increase in sales of imported beers and wines.** Customs duties and excise taxes on alcoholic beverages rose from $90 to $98 million in the 1999/00 fiscal year. At the same time, GST paid on alcoholic beverages sold by the LDB increased from $111 to $113 million. Most of the provincial government's income was in the form of LDB profits, which reached $617 million in the last fiscal year, up from $616 million in 1998/99. In addition, social service tax revenues from LDB sales generated another $95 million (up from $93 million).

  Source: LDB Annual Report

highlights, Issue 00-41
October 13, 2000

For data originating from Statistics Canada: data sourced to 'Statistics Canada' has been retrieved from CANSIM, the agency's electronic database; otherwise the source is identified as 'SC' plus the publication name or catalogue number.

October 13, 2000

Infoline Report: Transfers of corporate charters to other provinces suggest business migration from British Columbia

Contact: George Dufour / (250) 387-0376

Originally published in Fourth Quarter 1999 issue, *Small Business Quarterly*. Annual subscription: $30 + GST

Technical Note On Corporation Statistics: *Business corporations can be established under any one of a variety of different government jurisdictions. This could include, for example, a province, the federal government, another country, or a U.S. state. The jurisdiction under which a company is incorporated is not necessarily the only place it does business. For example, a company incorporated in British Columbia could do some, most, or even all of its business in Ontario. But in general, it can be supposed that companies will conduct much or most of their businesses in the provinces or countries in which they are incorporated.*

Once incorporated, a company may decide to transfer its corporate charter to another legal jurisdiction. This process is known as 'continuing out' or 'continuing in'. Corporations 'continue out' when they leave a jurisdiction and 'continue in' when they are transferred into it. Statistics presented here on the transfer of corporate charters into and out of British Columbia have been generated by ***BC STATS*** *from records of these legal transactions. This has made it possible to calculate net losses or gains of corporate charters to British Columbia through the 1990s. The loss of any single corporate charter to another province does not necessarily signify that that company has moved jobs or assets out of the province or ceased to do business in British Columbia. However, substantial and persistent out or inflows of corporate charters do suggest some shifting of business activity.*

The numbers of companies involved in these interprovincial movements of corporate charters are small in relation either to the numbers being newly incorporated annually in British Columbia, or to the total number of companies already incorporated under the province's Companies Act. The 228 corporate charters transferred to other provincial legal jurisdictions in 1999, and the 67 transferred into British Columbia from other provinces, compare with 23 thousand new British Columbia corporate charters being issued. The existing stock of companies incorporated under the British Columbia Companies Act was 266 thousand as of March 2000.

Not all corporations are active businesses. Many incorporated companies exist only as legal entities, with no employees and no business operations. Some are established only as corporate shells set aside for some future use. The relatively small numbers of companies transferring between provinces are more likely to be active, if only because they have warranted the trouble of being moved from one jurisdiction to another.

A Growing Net Outflow of Business Charters

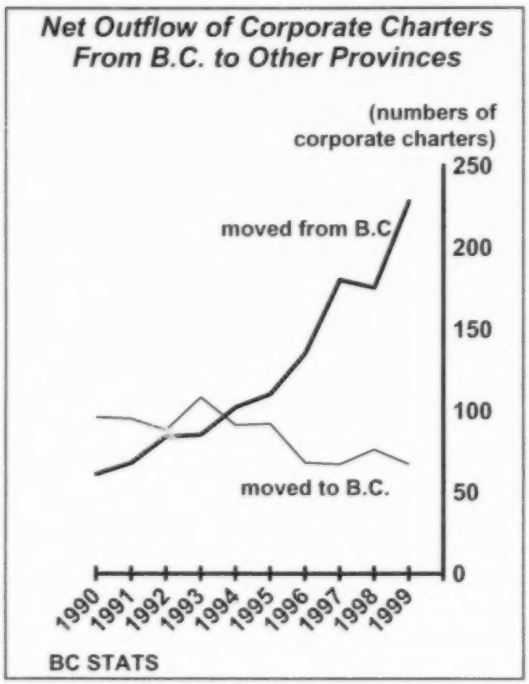
Statistics on transfers of corporate charters between British Columbia and the rest of Canada over the 1990s indicate an increase in the movement of companies from British Columbia to other provinces, particularly to Alberta and Ontario. This increase has paralleled a similar rise in the number of people leaving British Columbia for those provinces, and is consistent with their stronger overall economic growth during the decade.

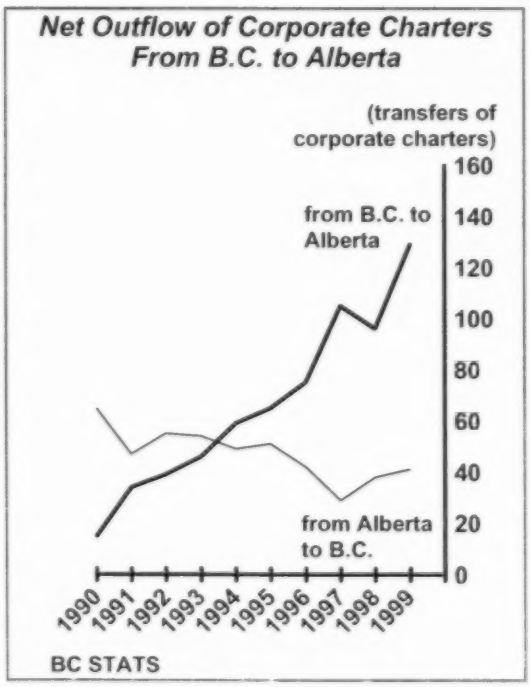
Net transfers of corporate charters from British Columbia to the rest of Canada were still rising in 1999, reaching a high of 161 corporate charters shifted to other provinces in that year. This figure reflects 228 charters moved to other provincial jurisdictions, as against 67 transferred into British Columbia.

Statistics on corporate charter movements do not specify the size or nature of businesses moving their charters from one province to another. But it can be safely assumed that, for the most part, that they reflect movements of relatively mobile small or medium sized businesses.

BC STATS, Min. of Finance & Corporate Relations, Box 9410 Stn Prov Govt, Victoria, BC V8W 9V1
Tel: (250) 387-0327 Fax: (250) 387-0329 Web: http://www.bcstats.gov.bc.ca E-mail: BC.Stats@gems8.gov.bc.ca

The trends apparent in transfers of corporate charters suggest a change that began in the early 1990s. During the first few years of the decade, the number of business charters leaving the province began to rise, while the number being transferred into the province remained relatively stable.





In 1990 there were 35 more corporate charters transferred into British Columbia from other provinces than transferred out. Over the next three years, annual flows were positive, but smaller. Then in 1994, 11 more corporate charters were transferred out of British Columbia than were transferred into the province. Annual outflows continued to rise through the second half of the 1990s, reaching a net loss of 161 corporate charters to other provinces in 1999. Over the period from 1994 and 1999 inclusive, there was a cumulative net loss of 469 corporate charters shifted to other provinces.

More Than Half of Corporate Charters Leaving British Columbia Go to Alberta

Alberta has become by far the most important destination of corporate charters being shifted out of British Columbia. The 88 net loss of business charters to Alberta in 1999 amounted to 55 per cent of the total net loss of British Columbia corporations shifting to other provinces.

The net outflow to Alberta has grown over the past 6 years, as that province's economy has expanded at a much faster rate than British Columbia's. British Columbia began the 1990s with a net gain of 50 companies from Alberta in 1990, it finished the decade with a net loss of 88 corporate charters to Alberta in 1999. The 1999 figure is the result of 129 corporate charters transferred to Alberta from British Columbia, and 41 corporate charters transferred from Alberta to British Columbia.

These flows are consistent with the economic cycles of the two provinces. During the late 1980s and early 1990s, the economic growth in Alberta matched that of British Columbia. By 1993 the situation began to change as Alberta oil and natural gas exports strengthened, pushing up overall economic growth. Between 1992 and 1998, real economic growth in Alberta was over twice that of British Columbia.

The movement of businesses to Alberta is also consistent with the reversal in population flows between the two provinces. In 1990, British Columbia received a net inflow of 10,500 persons from Alberta. By 1999, this had changed to a net outflow of 10,700 persons to Alberta.

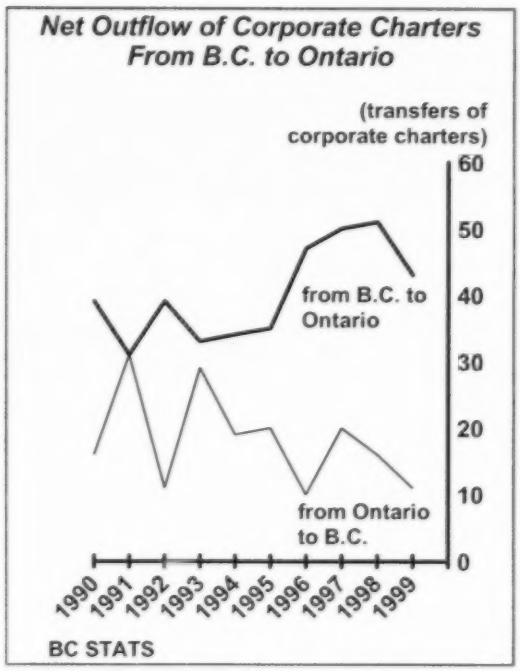
Ontario Is Another Attractive Destination

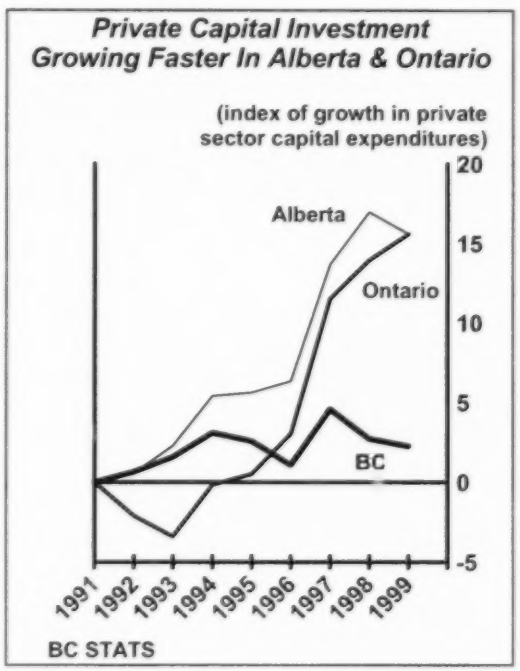
Ontario has been the other main destination for corporate charters being moved out of British Columbia. There was a net flow of corporate charters out of British Columbia to Ontario in every year of the past decade except 1991. In that year the number transferred out from Ontario to British Columbia equalled the number transferred from British Columbia to Ontario.

These annual net outflows from British Columbia grew worse after 1995. The net outflow to Ontario rose from 15 in both 1994 and 1995, to 30 or more in each year through the rest of the decade.

The pattern of change is consistent with the relative economic performances of the British Columbia and Ontario economies. During the early part of the 1990s, economic growth in British Columbia well exceeded that in Ontario. By 1994, conditions improved significantly in Ontario, pushing growth rates higher than in British Columbia.

This stronger economic growth in Ontario resulted in a gradual decline in the traditional net inflows of population to British Columbia. By 1997 the net inflow from Ontario had shrunk to 4,559 people, down from net inflows of over 15 thousand in 1992 and 1993. It shrank further to virtually nothing in 1998, and then became a net outflow of 879 people in 1999.





BC STATS, Min. of Finance & Corporate Relations, Box 9410 Stn Prov Govt, Victoria, BC V8W 9V1
Tel: (250) 387-0327 Fax: (250) 387-0329 Web: http://www.bcstats.gov.bc.ca E-mail: BC.Stats@gems8.gov.bc.ca

Infoline

October 13, 2000

fax transmission information service from **BC STATS**

also on the Internet at http://www.bcstats.gov.bc.ca

BC at a glance . . .

POPULATION (thousands)	Jul 1/00	% change on one year ago
BC	4,063.8	0.9
Canada	30,750.1	0.8
GDP and INCOME		% change on
(BC - at market prices)	1998	one year ago
Gross Domestic Product (GDP) *($ millions)*	110,948	-0.2
GDP *($ 1992 millions)*	99,708	0.2
GDP *($ 1992 per Capita)*	24,908	-0.8
Personal Disposable Income *($ 1992 per Capita)*	15,969	-1.6
TRADE ($ millions)		
Manufacturing Shipments (seas. adj.) Jul	3,107	-0.3
Merchandise Exports (raw) Jul	2,662	5.0
Retail Sales (seasonally adjusted) Jul	2,967,470	5.3
CONSUMER PRICE INDEX		% change on
(all items - 1992=100)	Aug '00	one year ago
BC	114.1	2.1
Canada	113.9	2.5
LABOUR FORCE (thousands)		% change on
(seasonally adjusted)	Sep '00	one year ago
Labour Force - BC	2,118	1.6
Employed - BC	1,955	1.8
Unemployed - BC	164	-1.2
		Sep '99
Unemployment Rate - BC *(percent)*	7.7	7.9
Unemployment Rate - Canada *(percent)*	6.8	7.4
INTEREST RATES (percent)	Oct 11/00	Oct 13/99
Prime Business Rate	7.50	6.25
Conventional Mortgages - 1 year	7.90	6.95
- 5 year	8.25	8.00
US/CANADA EXCHANGE RATE	Oct 11/00	Oct 13/99
(avg. noon spot rate) Cdn $	1.5042	1.4812
US $ *(reciprocal of the closing rate)*	0.6641	0.6749
AVERAGE WEEKLY WAGE RATE		% change on
(industrial aggregate - dollars)	Sep '00	one year ago
BC	648.06	3.6
Canada	624.19	3.8

SOURCES:

Population, Gross Domestic Product, Trade, Prices, Labour Force, Wage Rate } Statistics Canada

Interest Rates, Exchange Rates: Bank of Canada Weekly Financial Statistics

For latest Weekly Financial Statistics see www.bank-banque-canada.ca/english/wfsgen.htm

Released this week by BC STATS

- Labour Force Statistics, September 2000
- Major Projects Inventory, June 2000

Next week

- Consumer Price Index, September 2000

BC STATS, Min. of Finance & Corporate Relations, Box 9410 Stn Prov Govt, Victoria, B.C. V8W 9V1
Tel: (250) 387-0327 Fax: (250) 387-0329 Web: http://www.bcstats.gov.bc.ca E-mail: BC.Stats@gems8.gov.bc.ca